

*General Rules
for Foundations*

49 29-613
(10 C 113)
March 1949

→ TR-113 3/49

return to H9

NOTES ON FOUNDATION POLICY

Some of the primary decisions that confront the Foundation Trustees are perhaps best described by the term "policy." Others relate to what could be called machinery of procedure. Among the policies belong the following:

- 1) Is it expected that the Foundation will spend its income and capital within a stipulated period of time, e.g., the Rosenwald Fund which had to be spent within twenty-five years after the death of its founder? This involves regulations bearing on the method by which appropriations can be made from capital, in contrast to expenditure of income only.
- 2) If the Foundation takes the name of its donor, is it intended by the donor to maintain some type of family representation or control of the activities of the Foundation?
- 3) Over what geographical area will the Foundation operate?
- 4) What are the advantages of a relatively smaller number of large grants as contrasted with a large number of small grants? Large numbers of small grants require a large office staff or personnel. This also puts any large Foundation in what I think is an unnecessary competition with the relatively large number of small organizations and private donors. The making of large grants involves decisions regarding endowment and sometimes contributions to buildings.
- 5) Will the Foundation confine itself or lay special emphasis upon new enterprises or will it consider contributions to institutions already functioning?
- 6) What will be the policy regarding the type of grants made as between grants which involve a considerable measure of luck but which would obviously be extremely important if successful, and grants which are virtually certain of successful issue or result?
but less significant
- 7) What measure of emphasis should on the whole be put upon collaboration from other sources including the recipient, and unique and single responsibility for almost all of the funds to be supplied to a projected development?

Under machinery I would make the following suggestions:

- 1) Docket. The preparation of a well prepared docket item does much to place the responsibility where it belongs, i.e., on the officers for initiative and workup and on the Trustees for acceptance or rejection. Unless much emphasis is placed upon the adequacy and formality of docket procedure the difference between the officers and trustees is likely to get hopelessly muddled and the responsibilities vague.
- 2) The Finance Committee of a Foundation ought not to be run by telephone. There should be stipulated meetings with agenda, minutes and recorded votes.

3) Definite rules should be set and followed in point of retirement age for officers and for Trustees.

4) The stated full meetings of the Trustees can best be held outside of the large cities where such meetings are likely to be interfered with by other business appointments and various distractions that keep the Trustees from careful deliberation, and the informal exchange of opinion which is essential to the gradual formulation of satisfactory policies.

5) Though it may be a somewhat unexpected phrase, there should be some members on the Executive Committee of a Foundation who are both inclined and able to brood upon the affairs of the Foundation and its efficiency, its horizons and its effectiveness.

A. G.
ALAN GREGG, M. D.
March 1949

*necessity of
brooders
or rather the
need*